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DEPARTMENT OF STATE

Memorandum of Conversation

R 5548

Approved in M
4/22/64

DATE: April 6, 1964

PART III

SUBJECT: AID and Libyan Five-Year Plan

PARTICIPANTS: (See Part I of memcon, 4/1/64)

DECLASSIFIED DATE 5/6/82 Jm Razi

APR 25 1964

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The AID Director described Libya's Five-Year Development Plan as a tremendous political weapon in the hands of ex-Prime Minister Fekini who made political capital of it. It calls for the expenditure of $480 million over the five years for a country whose total population is 1.5 million. He said that Libya just does not have the capacity to spend that much. Consequently, you have such projects being contemplated as a four-lane, 650 mile superhighway from Benghazi to Tripoli—a project he claimed would contribute to the general inflationary trend in Libya. The emphasis, he said, should be on such matters as public housing and education.

There is an FAO land-tenure team currently studying the problem of land-tenure in Libya. The existence of tribal lands greatly limits the GOL's ability to introduce modern systems of farming. The present GOL is reluctant to tamper with traditional systems of land-tenure because it depends to a large extent on tribal support. Farming is in the hands of many small Libyan farmers. However, there is a major outflow from rural to urban areas as people seek jobs in the increasing number of small service industries. To discourage this migration, the GOL has put up no public housing. Nevertheless, it is estimated that some 50% of Libya's population lives in its cities and major towns.

The major target of the Five-Year Plan is to improve the country's inefficient showing in the agricultural realm. Libya still imports much of its food, including fresh fruit and vegatables, from Italy. The basic local staples are derived from wheat and other grains. Until 1961, Libya was the recipient of Title II, PL-480 wheat (famine relief). However, this was stopped in 1961 as a result of a good Libyan wheat crop and

AID (US) & XR LIBYA FIVE YEAR PLAN

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wheat crop and the Libyan failure to administer the program within the terms of our AID agreements. There are some larger farms in Tripolitania, mostly owned and operated by Italians. Some of them have been bought broken up by the GOL and redistributed to the peasants. In Cyrenaica, the GOL has been trying to reactivate Italian farms. Generally speaking, the farms operated by Italians are the most efficient and productive.

One of the major problems with the Plan is that the GOL lacks the manpower to accomplish it. AID has sufficient staff to advise the GOL on the implementation of its plan, but as of July 1st the AID Mission in Libya will be terminated. AID has worked with the GOL on the Plan, but with AID phasing out, no one will be left but an AID liaison man to work with the 25 or so AID consultants serving as advisors in the Ministry of Planning, Ministry of Agriculture and Ministry of Industry. The IBRD has two advisors working with the GOL, the best of which is attached to the Ministry of Planning.

The AID Director expressed his hope that the AID liaison man would be someone with a professional background in economic planning. The Ambassador added that he would hope that the US could continue to pursue its objectives in Libya through the 25 consultants left after AID pulls out. It was the consensus that much will depend upon the calibre of the man chosen as AID liaison man.

The Ambassador expressed his disappointment with the speed of the AID phase-out. He pointed out that after 1965 there would be no more funds available to maintain the 25 consultants. Hopefully, he said, the GOL would replace the consultant at their own expense. However, at that time the US would have no control over the selection of advisors and it would be anyone's guess as to just who might then come in. The Ambassador said he would like to see US influence in Libya continue in the fields of planning and education. He suggested that perhaps one of the large private American foundations might be willing to help fill the breach with an assist from the oil companies and the US Government.

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